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November 18, 1994

Mr. Vernon A. Williams
Acting Secretary
Interstate Commerce Commission
Washington, D.C. 20423

19070
NOV 21 1994 4:27 PM

Dear Mr. Williams:

Enclosed for recordation in your office pursuant to the provisions of 49 U.S.C. § 11303 are two original counterparts of a Security Agreement dated as of November 7, 1994 (the "Security Agreement"), a primary document as defined in the Interstate Commerce Commission's Rules for the Recordation of Documents, 49 C.F.R. § 1177.

The name and address of the parties to the enclosed Security Agreement are as follows:

Secured Party: Bank of America National Trust and
Savings Association, as Agent
Agency Management Services #5596
1455 Market Street
12th Floor
San Francisco, California 94103
Attn: David Terrance

Debtor: Akron Barberton Cluster Railway Company
100 East First Street
Brewster, Ohio 44613

The enclosed Security Agreement covers any and all interests, rights and security interests in and to all properties, assets and rights of every kind and nature, wherever located, now owned or hereafter acquired or arising, and all proceeds and products thereof, as may have been granted pursuant to the Security Agreement, including all rights, interests and liens in and to all railroad equipment and rolling stock covered by the Security Agreement.

SONNENSCHN NATH & ROSENTHAL

Mr. Vernon A. Williams
Interstate Commerce Commission
November 18, 1994
Page 2

Please return one stamped original counterpart of the enclosed document to Susan K. Reiter, Esq., Sonnenschein Nath & Rosenthal, 8000 Sears Tower, 233 S. Wacker Drive, Chicago, IL 60606-6404 in the enclosed pre-addressed stamped envelope.

Enclosed is a check payable to the order to the Interstate Commerce Commission covering the recordation fee.

A short summary of the document and equipment covered by the enclosed Security Agreement to appear in the Interstate Commerce Commission's files is as follows:

Security Agreement executed by Akron Barberton Cluster Railway Company ("Debtor") in favor of Bank of America National Trust and Savings Association as Agent for itself and The Bank of New York, covering all rolling stock of Debtor, whether now owned or hereafter acquired, including (i) two EMD SW 1500 locomotives currently bearing Akron & Barberton Belt Railroad Company ("ABB") unit numbers 1501 and 1502 and (ii) one EMD locomotive currently bearing ABB unit number 1203.

Yours very truly,



SKR/kd/2049857
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

11/21/94

Susan K. Reiter
Sonnenschein Nath & Rosenthal
8000 Sears Tower
Chicago, Illinois 60606-6404

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/21/94 at 3:25 PM, and assigned recordation number(s). 19070

Sincerely yours,

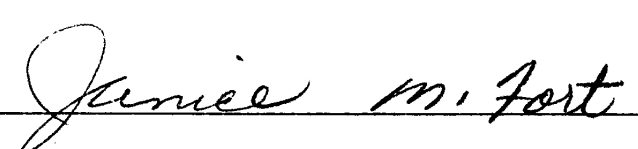

Vernon A. Williams
Secretary

Enclosure(s)

(0100435079)

\$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



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SECURITY AGREEMENT

BY

AKRON BARBERTON CLUSTER RAILWAY COMPANY

IN FAVOR OF

**BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,
As Agent**

Dated As of November 7, 1994

<u>Section</u>	<u>TABLE OF CONTENTS</u>	<u>Page</u>
	ARTICLE I. DEFINITIONS	
1.01	Defined Terms	1
1.02	Uniform Commercial Code	1
	ARTICLE II. GRANT OF SECURITY INTEREST	
2.01	Grant of Security Interest	2
2.02	Security for Secured Obligations	4
	ARTICLE III. REPRESENTATIONS AND WARRANTIES	
3.01	Ownership and Control of the Collateral	4
3.02	Priority of Security Interest	5
3.03	Genuineness of Receivables	6
3.04	Trademarks	6
3.05	Insurance; Other Matters	6
	ARTICLE IV. COVENANTS	
4.01	Change in Place of Business, Location of Collateral, Etc.	7
4.02	Maintenance of Equipment	8
4.03	Transfers and Other Liens	8
4.04	Notices	8
4.05	Reports; Collections	9
4.06	Instruments and Documents	9
4.07	Registration of Trademarks	10
4.08	Further Assurances	10
4.09	Use and Protection of Trademarks and General Intangibles	11
4.10	Rolling Stock	12
	ARTICLE V. COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT	
5.01	Collateral Agent Appointed Attorney-in-Fact	12
5.02	Performance by Collateral Agent	15

<u>TABLE OF CONTENTS</u>		
<u>Section</u>		<u>Page</u>
5.03	Limitation on the Collateral Agent's Duty in Respect of Collateral	15
5.04	Company Remains Liable	15
ARTICLE VI. DEFAULT AND REMEDIES		
6.01	Remedies	16
6.02	Application of Proceeds	17
6.03	Decisions Relating to Exercise of Remedies	18
ARTICLE VII. MISCELLANEOUS		
7.01	Expenses and Indemnification	18
7.02	No Waiver	18
7.03	Amendments, Etc.	19
7.04	Notices	19
7.05	Continuing Security Interest; Transfer of Notes	19
7.06	Severability	20
7.07	Waiver of Jury Trial	20
7.08	Governing Law; Jurisdiction	20
7.09	Counterparts	20
Schedule I	Rolling Stock	
Schedule II	Jurisdictions Where Collateral is Located	
Schedule III	Trademarks	
Schedule IV	Assets Not Collateral	
Schedule V	Fictitious Names	

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement"), dated as of November 7, 1994, is made by AKRON BARBERTON CLUSTER RAILWAY COMPANY (the "Company"), in favor of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as collateral agent (in such capacity, the "Collateral Agent") for the benefit of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION ("Bank of America"), as agent (the "Agent") for the ratable benefit of Bank of America and The Bank of New York (collectively, the "Banks", and, individually, a "Bank").

WHEREAS, the Company is a wholly-owned subsidiary of The Wheeling Corporation ("Wheeling"); and

WHEREAS, Wheeling has issued a guaranty (the "Guaranty") in favor of the Agent of even date herewith; and

WHEREAS, the Banks consented to the purchase by Wheeling of the stock of the Company at a time during which Wheeling was not making payment to the Banks under its Guaranty; and

WHEREAS, the Banks require that the Company execute this Agreement as a condition of waiving such failure to make payment under the Guaranty at such time;

NOW, THEREFORE, in consideration of the premises and to induce the Banks to amend and restate the Guaranty and to permit Wheeling to acquire the shares of stock of the Company, the Company hereby agrees with the Collateral Agent for its benefit and for the ratable benefit of the Secured Parties as follows:

ARTICLE I. DEFINITIONS

1.01 Defined Terms. Unless otherwise defined herein and otherwise pursuant to Section 1.02, terms defined in the Guaranty are used herein as therein defined.

1.02 Uniform Commercial Code. Unless otherwise defined herein, all terms defined in Article 9 of the Uniform Commercial Code in the State of New York (the "UCC") are used herein as therein defined; provided, however, that in the event, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the security interest in any Collateral granted to the Agent for its benefit and the ratable benefit of the Banks is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating

to such attachment, perfection or priority and for purposes of definitions related to such provisions.

ARTICLE II.
GRANT OF SECURITY INTEREST

2.01 Grant of Security Interest. The Company hereby assigns and pledges to the Collateral Agent for the benefit of the Secured Parties, in accordance with their respective interests and hereinbelow set forth, and hereby grants to the Collateral Agent for its benefit and the benefit of the Secured Parties, a security interest in, all of the Company's right, title and interest in and to the following (all of which being hereinafter collectively referred to as the "Collateral"):

(a) all inventory in all of its forms, located in the jurisdictions listed in Schedule II, now or hereafter existing, whether now owned or hereafter acquired by the Company, and goods which are returned to or repossessed by the Company, whether or not in transit, and all accessions and additions thereto and all documents of title covering any of the foregoing (any and all such inventory and documents of title being collectively referred to as the "Inventory");

(b) all items of "equipment" and "fixtures" (as such terms are defined in the UCC) in all its forms, wherever located, now owned or hereafter acquired (including, but not limited to, all maintenance of way vehicles, equipment, machinery, furnishings, fixtures, tools, supplies, automotive equipment, motor vehicles, track, track material, rail ties, parts, ballast and diesel fuel in storage, and other equipment of any kind and nature, wherever situated, rolling stock of every kind and description, including, without limitation, the rolling stock described on Schedule I hereto, whether now owned or hereafter acquired by the Company, and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, accessions, parts, including spare parts, and accessories installed thereon or affixed thereto (any and all such equipment, parts and accessories being collectively referred to as the "Equipment");

(c) all rights to the payment of money, whether or not earned by performance, including, but not limited to, any of the following which consist of a right to the payment of money: (i) accounts, contract rights, chattel paper, instruments, documents, notes, accrued interest, earnings and general intangibles relating thereto and all other obligations of any kind now or hereafter existing, arising out of or in connection with the sale or lease of goods or

the rendering of services and all collateral security and guaranties of any kind given by any Person with respect to any of the foregoing; (ii) moneys, reserves and property relating to any of the foregoing whether now or at any time hereafter in the possession or under the control of any agent or custodian and (iii) all substitutions for and proceeds of any of the foregoing, and books and records (including, without limitation, customer lists, credit files, computer programs, printouts and other computer materials and records) pertaining to any of the foregoing (any and all such rights to the payment of money, accounts, contract rights, chattel paper, instruments, documents, notes, accrued interest, earnings and general intangibles and obligations and all items referred to in clauses (i) and (ii) being collectively referred to as the "Receivables");

(d) all trademarks, service marks, logos, indicia, trade names, corporate names, company names, business source identifiers (whether or not registered or at common law), and registrations issued and/or applications pending in the United States, any state thereof and throughout the world, of the Company, as it may be amended from time to time, together with the goodwill of the business associated therewith arising in or relating to the ordinary course of the Company's business, including all contracts and rights relating thereto (any and all such trademarks and other items being collectively referred to as the "Trademarks");

(e) all choses in action, causes of action, judgments and all other intangible personal property of every kind or nature (other than Receivables and Trademarks) including, but not limited to, (i) all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Receivable, all warranties, rights and claims against third parties including carriers and shippers and otherwise; (ii) all copyrights and all rights corresponding thereto, including the right to sue for present, past and future infringements thereof and all licenses, permits, franchises, goodwill, options, customer lists, tax refunds, tax refund claims and other claims; (iii) all corporate and other business books and records (including, without limitation, correspondence with present and future or prospective suppliers, advertising materials and telephone exchange numbers as identified in such materials, credit files, computer programs, printouts and other computer materials and records); and (iv) all rights of the Company under trackage rights agreements, joint facility agreements, interchange agreements and other operating agreements and all rights of the Company under any agreements with operating railroads pursuant to which rights of passage over tracks are granted (any and all such choses in action, causes of action and

other intangible personal property being collectively referred to as the "General Intangibles"); and

(f) all proceeds and products of any and all of the foregoing Collateral (including, without limitation, (i) proceeds which constitute property of the types described in paragraphs (a) through (e) of this Section 2.01 and, to the extent not otherwise included, all payments under insurance (whether or not the Agent is the loss payee thereof)), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral; (ii) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisitions, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any person acting under color of Governmental Authority), and (iii) any and all other amounts from time to time paid under or in connection with any of the Collateral (all such proceeds, payments and amounts being collectively referred to as the "Proceeds").

2.02 Security for Secured Obligations. This Agreement secures and the Collateral is security for the prompt performance and payment in full in cash when due, whether at stated maturity, by acceleration or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) of all obligations of Wheeling now existing or hereafter arising under the Guaranty, whether for principal, interest (including, without limitation, interest that, but for the filing of a petition in bankruptcy with respect to the Company, would accrue on such obligations), fees, expenses or otherwise (the "Secured Obligations").

ARTICLE III. REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants as follows:

3.01 Ownership and Control of the Collateral.

(a) The Company is the sole legal and beneficial owner of the Collateral and has good and marketable title thereto, free and clear of any Lien except for the security interest created by this Agreement and Liens permitted by Section 8.01 of the Credit Agreement. No effective security interest or financing statement or other instrument similar in effect covering all or any part of the Collateral is on file or recorded in any filing or recording office, except such as has been filed in favor of the Agent relating to the Collateral and this Agreement or as set forth in Schedule IV

or for which duly executed termination statements have been delivered to the Agent, or such as may have been filed in respect of the Liens permitted by Section 8.01 of the Credit Agreement. No Collateral on the date hereof is evidenced by promissory notes or other instruments required to be pledged to the Agent pursuant to Section 4.06 which have not been so pledged.

(b) The Company has exclusive possession and control of the Inventory and the Equipment, except Inventory in possession of consignees or bailees in the ordinary course of business.

(c) Except for motor vehicles and rolling stock, all of the Inventory and Equipment are located in the jurisdiction listed in Schedule II and no Inventory or Equipment are located in any other location. The chief place of business and chief executive office of the Company and the office where the Company keeps its records concerning the Receivables and all originals of all chattel paper which evidence Receivables are located at the address of the Company set forth in or pursuant to the provisions of Section 7.04.

(d) The rolling stock of the Company listed on Schedule I hereto constitutes all of the rolling stock which the Company owns or leases (other than pursuant to a lease with a term of six months or less).

3.02 Priority of Security Interest.

(a) Upon (i) the filing of this Agreement with the Interstate Commerce Commission in accordance with § 11303 of Title 49 of the United States Code and the rules and regulations thereunder and (ii) the filing of Uniform Commercial Code financing statements in the states of Ohio and Illinois naming the Company as debtor and the Agent as secured party for the benefit of the Banks all filings will have been made and all other actions taken that are necessary under applicable law to perfect the Agent's security interest in that portion of the ABC Collateral as to which a security interest may be perfected by filing under the Uniform Commercial Code or under the Interstate Commerce Act of 1887, as amended. So long as Indebtedness owed by the Company to ABC Funding, Inc. in respect of the acquisition by the Company of (i) the assets of the Akron Barberton Belt Railway Company and (ii) a rail line previously owned by Consolidated Rail Corporation and located in Medina, Portage and Summit Counties, Ohio, known as the Akron Cluster is outstanding, this Agreement and the financing statements related thereto create a valid and continuing second priority Lien on and second perfected security interest in the Collateral, securing the payment of

the Secured Obligations. When such Indebtedness owed to ABC Funding, Inc. has been paid in full, this Agreement shall create a valid and continuing first priority Lien on and a first perfected security interest in the Collateral, securing the payment of the Secured Obligations.

(b) The Company has full power, legal right and requisite corporate authority to grant a security interest in the Collateral as provided in this Agreement.

(c) This Agreement has been duly authorized, executed and delivered by the Company, and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(d) No consent of any other Person (including, without limitation, any stockholder or creditor of the Company) and no consent, authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority is required for the execution, delivery or performance of this Agreement by the Company.

3.03 Genuineness of Receivables.

(a) Each Receivable and all records, papers, computer tapes and documents relating thereto are genuine and in all respects what they purport to be, and each Receivable represents the legal, valid and binding obligation of the account debtor to pay for the performance of labor or services, the sale or lease and delivery of the merchandise listed therein, and/or the advance of funds.

(b) The amount represented by the Company to the Agent or the Banks from time to time as owing by each account debtor or by all account debtors in respect of the Receivables will at such time be the correct amount actually and unconditionally owing by such account debtors thereunder to the best of the Company's knowledge after due inquiry (except to the extent, if any, that such account debtors may be entitled to normal trade discounts, adjustments and allowances).

3.04 Trademarks. The Company has no right, title or interest in any Trademarks, and there are no Trademarks that are material to the Company's business operations.

3.05 Insurance; Other Matters.

(a) Insurance covering the Inventory and Equipment against loss or damage of the kinds customarily insured against by corporations of established reputation engaged in the same or similar businesses and similarly situated, of such types

and in such amounts as are customarily carried under similar circumstances by such other corporations (hereinafter referred to as "Usual Business Insurance") has been obtained with financially sound and reputable insurers and with the Agent's interest on behalf of Banks therein noted.

(b) Having exercised all due prudence in determining the authority and capacity of such persons, to the best of Company's knowledge, all persons appearing to be obligated on Receivables have authority and capacity to contract and are bound as they appear to be.

(c) All Receivables comply with all applicable laws concerning form, content and manner of preparation and execution, including, where applicable, but not limited to, any consumer credit laws.

(d) The Company does not do business under fictitious business names or trade names and will not do business under any fictitious business names or trade names.

(e) Except for the filing or recording of any Uniform Commercial Code financing statements in each case necessary to perfect the security interest created hereunder, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other Person is required either (i) for the grant by the Company of the security interest in the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Company or (ii) for the perfection of such security interest or the exercise by Agent of the rights and remedies provided for in this Agreement.

ARTICLE IV. COVENANTS

The Company covenants and agrees that from and after the date of this Agreement and until the Secured Obligations shall have been fully satisfied:

4.01 Change in Place of Business, Location of Collateral Etc.

(a) The Company will notify the Collateral Agent in writing not less than thirty (30) days prior to any change in location and the creation of a new location of (i) the Company's principal place of business or chief executive office; (ii) any Collateral to a jurisdiction other than as set forth on Schedule II; or (iii) the offices where the Company's books, records and computer tapes, source codes and related information concerning the Receivables or

General Intangibles are kept; provided, however, that no such change may be effected before all filings required to be made and all other necessary action to preserve the first priority security interest of the Collateral Agent in the Collateral shall have been made or taken.

(b) The Company will not change its name, identity or structure in any manner which might make any financing statement filed hereunder incorrect or misleading unless the Company shall have given the Collateral Agent at least thirty (30) days' prior written notice thereof and shall have properly amended all financing statements and properly filed all additional financial statements necessary to maintain the perfection of the security interest granted hereunder at all times and shall have provided the Agent with an officer's certificate certifying that the above steps have been taken.

4.02 Maintenance of Equipment. The Company will keep and maintain the Equipment in good operating condition sufficient for the continuation of the business conducted by the Company on a basis consistent with past practices, and the Company will provide maintenance and service and all repairs necessary for such purpose.

4.03 Transfers and Other Liens.

(a) The Company shall not sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, except as may be otherwise permitted under the Credit Agreement.

(b) The Company shall not create or suffer to exist any Lien upon or with respect to any of the Collateral except for the security interest created by this Agreement and as permitted by the Credit Agreement and will defend the right, title and interest of the Collateral Agent in and to the Company's rights to the Collateral against the claims and demands of all Persons whatsoever.

4.04 Notices. The Company will notify the Collateral Agent promptly, in reasonable detail, (a) of any material claim made or asserted against the Collateral by any Person; (b) of any change in the composition of the Collateral which could have a material adverse effect on the value of the Collateral or the Lien thereon; (c) of any event which could have a material adverse effect on the ability of the Collateral Agent to dispose of the Collateral or the rights and remedies of the Agent; and (d) of the occurrence of any other event which could have a material adverse effect on the Collateral or on the security interest created hereunder.

4.05 Reports; Collections.

(a) The Company will keep and maintain at its own cost and expense satisfactory and complete books and records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral and a record of the Collateral Agent's security interest in the Collateral. If an Event of Default has occurred and is continuing, for the Collateral Agent's further security, the Company shall deliver and turn over any such books and records to the Collateral Agent or to its representatives at any time on demand by the Collateral Agent.

(b) The Company will furnish to the Collateral Agent from time to time upon request of the Collateral Agent statements and schedules further identifying and describing the Collateral owned by it, reports of the locations of the Collateral and such other reports and other information in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(c) Until the Collateral Agent exercises its right to make collection, the Company shall continue to collect, at its own expense, all amounts due or to become due the Company under the Receivables. In connection with such collections, the Company may take (and, after the occurrence of an Event of Default, at the Collateral Agent's direction in accordance with this Agreement shall take) such action as the Company or the Collateral Agent, as the case may be, may deem necessary or advisable to enforce collection of the Receivables.

(d) Upon the occurrence and during the continuation of any Default, the Company will not, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any of the Receivables, compromise or settle the same for less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof, or allow any credit or discount whatsoever thereon other than discounts granted in the ordinary course of business of the Company.

(e) The Company will in accordance with its sound business judgment perform and comply in all material respects with all its obligations in respect of the Receivables and all other agreements related thereto to which it is a party or by which it is bound.

4.06 Instruments and Documents. If any amount payable under or in connection with the Collateral shall be or becomes evidenced by any promissory note or other negotiable or

non-negotiable instrument, such note or instrument shall be immediately pledged and delivered to the Collateral Agent hereunder, duly endorsed in a manner satisfactory to the Collateral Agent.

4.07 Registration of Trademarks. The Company shall, at its own expense, diligently process all documents as required by applicable United States, state and foreign laws to maintain and shall otherwise preserve and maintain the Company's rights in all Trademarks, if any, in effect that are material to the Company's business or operations and shall not abandon or fail to file with respect thereto any filing of affidavit of use or any such application of renewal prior to the exhaustion of all administrative and judicial remedies, without the prior written consent of the Collateral Agent. In connection therewith, the Company agrees to notify the Agent six (6) months prior to the dates on which such affidavits of use or the applications for such renewal registration are due that the affidavit of use or the renewal is being processed; provided, however, that the Company may abandon or dispose of any Trademark or application therefor which it determines to be no longer useful or necessary in its business.

4.08 Further Assurances.

(a) At any time and from time to time, upon the Collateral Agent's written request and at the expense of the Company, the Company will promptly and duly execute and deliver any and all such further writings and take such further action as the Collateral Agent may reasonably request in order to perfect and protect any security interest granted or purported to be granted hereby or the perfection or priority thereof or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

(b) (i) The Company will execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Collateral Agent may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby or the perfection or priority thereof.

(ii) The Company hereby authorizes the Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Company where permitted by law. The Collateral Agent shall provide to the Company a copy of each financing statement or continuation statement filed by it.

(c) The Company shall keep the Inventory (other than Inventory which, in the ordinary course of business, is in transit either (i) from a supplier to the Company, or (ii) between the locations specified in Schedule II hereto, or (iii) to customers of the Company) owned by it at the locations therefor specified in Schedule II or at such other locations in a jurisdiction where all action required by Section 4.01(a) shall have been taken with respect to the Inventory.

(d) The Company will:

(i) at the Company's expense, maintain or cause to be maintained Usual Business Insurance in respect of Inventory with financially sound and reputable insurers and with loss payable to the Collateral Agent for the benefit of the Secured Parties;

(ii) not use the Inventory or the Equipment for any unlawful purpose nor use it in any way that would void any insurance required to be carried in connection therewith.

(e) The Company will not, directly or indirectly, sell with recourse, or discount or otherwise sell for less than the face value thereof, any of its Receivables.

(f) The Company will only give such allowances and credits as are in the ordinary course of business and with regard to allowances outside the ordinary course of business will advise Agent thereof immediately in writing if they affect the Receivables.

(g) The Company will, at its own expense, maintain or cause to be maintained Usual Business Insurance in respect of Equipment with financially sound and reputable insurers and with the Collateral Agent's interest on behalf of the Secured Parties therein noted.

(h) Except for (i) Equipment which is being repaired or restored, (ii) mobile goods, (iii) Equipment in transit between the locations set forth on Schedule II hereto, and (iv) other Equipment having an aggregate fair market value not to exceed \$50,000 as determined as of any date, the Company shall keep the Equipment owned by it at the locations in a jurisdiction where all actions required by Section 4.01 shall have been taken with respect to the Equipment.

4.09 Use and Protection of Trademarks and General Intangibles. The Company shall preserve and maintain all rights in the Trademarks and General Intangibles in respect of which a

failure to be able to continue to use the same would have a material adverse affect on the ownership, operation or maintenance of its business and operations.

4.10 Rolling Stock. The Company shall not change any markings or AAR car numbers on any of its rolling stock listed on Schedule I until thirty days after the Company has given notice in writing to the Agent of its intention to make such change. The Company shall notify the Agent of any other rolling stock that it may hereafter acquire or lease.

ARTICLE V.
COLLATERAL AGENT APPOINTED
ATTORNEY-IN-FACT

5.01 Collateral Agent Appointed Attorney-in-Fact.

(a) The Company hereby irrevocably constitutes and appoints the Collateral Agent the Company's true and lawful attorney-in-fact, with full authority in the place and stead of the Company and in the name of the Company or otherwise, from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Agreement to take any action and to execute any document or instrument which the Collateral Agent may deem necessary or desirable to protect and perfect the rights and interests of the Collateral Agent in the Collateral or otherwise to accomplish the purposes of this Security Agreement. Without limiting the generality of the foregoing, the Company hereby gives the Collateral Agent the power and right, on behalf of the Company, without notice or assent by the Company to do the following upon the occurrence and during the continuation of any Event of Default:

(i) ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due in respect of any Collateral and, in the name of the Company or its own name or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due in respect of any Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due in respect of any Collateral whenever payable;

(ii) pay or discharge taxes, Liens or other encumbrances levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all

or any part of the premiums therefor and the costs thereof; and

- (iii) (A) notify, or direct the Company to notify, any party liable for any payment under any of the Collateral of the rights of the Collateral Agent and the Secured Parties hereunder and direct such party to make payment of any and all moneys due, and to become due thereunder, directly to the Collateral Agent or as the Collateral Agent shall direct;
- (B) receive payment of and receipt for any and all moneys, claims and other amounts due, and to become due at any time, in respect of or arising out of any Collateral;
- (C) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents constituting or relating to the Collateral;
- (D) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;
- (E) defend any suit, action or proceeding brought against the Company with respect to any Collateral;
- (F) settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, give such discharges or releases as the Collateral Agent may deem appropriate;
- (G) grant licenses or franchises or both to use the Trademarks and the General Intangibles on such terms and conditions that the Collateral Agent shall determine; and
- (H) generally sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all

purposes, and do, at the Collateral Agent's option and the Company's expense, at any time, or from time to time, all acts and things which the Collateral Agent reasonably deems necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's Lien therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company might do.

(b) With respect to the Trademarks, the Company authorizes the Collateral Agent to record an excerpt hereof in the United States Patent and Trademark Office and to take all other steps as are necessary in the reasonable opinion of the Collateral Agent under 35 U.S.C §261, 37 C.F.R. §1.331 and 15 U.S.C. §1060, 37 C.F.R. §2.185, or the law of any other state or foreign country to perfect the security interests granted herein.

(c) The Company hereby ratifies, to the extent permitted by law, all that the Collateral Agent shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 5.01. The power of attorney granted pursuant to this Section 5.01 is a power coupled with an interest and shall be irrevocable until the Secured Obligations are paid in full.

(d) The power conferred on the Collateral Agent hereunder are solely to protect the interests of the Collateral Agent in the Collateral and shall not impose any duty upon it to exercise any such powers. The Collateral Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for its or their own gross negligence or willful misconduct.

(e) The Company also authorizes the Collateral Agent, at any time and from time to time, to execute, in connection with the sale provided for in Section 6.01 of this Agreement, any endorsement, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(f) Each Secured Party hereby appoints Bank of America National Trust and Savings Association, as Collateral Agent, to act as Collateral Agent hereunder. Each Secured Party hereby authorizes the Collateral Agent to act as its agent under this Security Agreement and each other instrument or agreement referred to herein. In performing its functions and duties hereunder, the Collateral Agent shall act solely

as Collateral Agent for the Secured Parties, except as set forth in Section 5. The agency created hereby shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, the Collateral Agent in its individual capacity. The rights and obligations of the Collateral Agent hereunder are in addition to, and in furtherance of, the rights of the Agent pursuant to the Credit Agreement.

5.02 Performance by Collateral Agent. If the Company fails to perform or comply with any of its agreements contained herein and the Collateral Agent, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses of the Collateral Agent incurred in connection with such performance or compliance, together with interest thereon at the rate then in effect in respect of Loans bearing or that would bear interest at a rate based on the Reference Rate, shall be payable by the Company to the Agent on demand and shall constitute Secured Obligations secured hereby. The Collateral Agent agrees to notify the Company promptly after incurring any expenses pursuant to this Section 5.02.

5.03 Limitation on the Collateral Agent's Duty in Respect of Collateral. The Collateral Agent shall use reasonable care with respect to the Collateral in its possession or under its control. Except as set forth in the preceding sentence, the Collateral Agent shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or as to any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

5.04 Company Remains Liable. Anything herein to the contrary notwithstanding, (a) the Company shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release the Company from any of its duties or obligation or liability under the contracts and agreements included in the Collateral and (c) the Collateral Agent shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Collateral Agent be obligated to perform any of the obligations or duties of the Company thereunder or to take any action to collect or enforce any claim for payments assigned hereunder.

ARTICLE VI.
DEFAULT AND REMEDIES

6.01 Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Collateral Agent may exercise in addition to all other rights and remedies granted to it in this Agreement (including without limitation Article V) and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations all rights and remedies of a secured party under applicable law. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Collateral Agent, without demand of performance or other demand, advertisements or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Company or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith enter on the premises of the Company, collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Collateral Agent's offices or elsewhere at such prices as it may deem best in its discretion exercised in a commercially reasonable manner, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent and any Bank shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which equity of redemption the Company hereby releases. The Company further agrees, at the Collateral Agent's request, to assemble the Collateral and make it available to the Collateral Agent at places which the Agent shall reasonably select, whether at the Company's premises or elsewhere, all at the Company's expense.

(b) The Collateral Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, as provided in Section 6.02 hereof, and only after so paying over such net proceeds and after the payment by the Collateral Agent of any other amount required by any provision of law, including Section 9-504(1)(c) of the UCC, need the Collateral Agent account for the surplus, if any, to the Company. To the maximum extent permitted by applicable law, the Company waives all claims, damages, and

demands against the Collateral Agent and the Secured Parties arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral except such as arise out of the gross negligence or willful misconduct of the Collateral Agent.

(c) The Company agrees that the Collateral Agent need not give more than ten (10) days' notice (which notification shall be deemed given when mailed or delivered to the Company as provided in Section 7.04) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. The Company shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Collateral Agent and the Secured Parties are entitled, the Company also being liable for the reasonable fees and expenses of any attorneys employed by the Collateral Agent or any Secured Party to collect such deficiency (including the allocated cost of in-house counsel).

(d) The Company hereby waives to the fullest extent permitted by law any right of redemption with respect to the Collateral, whether before or after sale hereunder and all rights, if any, of marshalling the Collateral and any other security for the Secured Obligations or otherwise.

6.02 Application of Proceeds. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by the Collateral Agent in the following order of priorities:

First, to the payment of the costs and expenses of any sale and all expenses (including, without limitation, any legal fees and disbursements and the allocated cost of in-house counsel), liabilities and advances made or incurred by the Agent in connection therewith;

Next, to the Agent and the Banks in their respective Pro Rata Shares; and

Finally, after payment in full in cash of all Secured Obligations, to the payment to the Company (but only if specifically consented to by the Banks), or its successors or assigns, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, of any surplus then remaining from such Proceeds (subject to the terms of the Guaranty).

6.03 Decisions Relating to Exercise of Remedies.

Notwithstanding anything in this Agreement to the contrary, upon the occurrence and during the continuation of any Event of Default, the Collateral Agent may exercise, and at the request of the Majority Banks shall exercise or refrain from exercising, any remedy provided for herein and provided by law.

ARTICLE VII.
MISCELLANEOUS

7.01 Expenses and Indemnification.

(a) The Company will upon demand pay to the Collateral Agent the amount of any and all expenses and the reasonable fees and expenses of its counsel (including, without limitation, the allocated cost of in-house counsel) and of any experts, which the Collateral Agent may incur in connection with (i) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral; (ii) the exercise or enforcement of any of the rights of the Collateral Agent or any Secured Party hereunder; or (iii) the failure by the Company to perform or observe any of the provisions hereof.

(b) The Company agrees to indemnify and hold the Collateral Agent and the Secured Parties harmless from and against any taxes, liabilities, claims and damages, including attorney's fees and disbursements (including, without limitation, the allocated cost of in-house counsel), and other expenses incurred or arising by reason of the taking or the failure to take action by the Collateral Agent or any Secured Party in respect of any transaction effected under this Agreement or in connection with the Lien provided for herein, including, without limitation, any taxes payable with respect to the Collateral or in connection with any transaction contemplated by this Agreement and any and all costs, losses, liabilities, claims, damages or expenses incurred by the Collateral Agent or any Secured Party arising out of any investigation, litigation or other proceeding related to this Agreement or any transaction contemplated hereby, except for the gross negligence of the Collateral Agent and such Secured Party.

The obligations of the Company under this Section 7.01 shall survive the termination of this Agreement.

7.02 No Waiver. No delay on the part of the Collateral Agent or any Secured Party in exercising or enforcing any power of sale, Lien, option or other right hereunder, and no notice or demand which may be given to or made upon the Company by the Collateral Agent or any Secured Party with respect to any power of sale, Lien, option or other right hereunder, shall constitute

a waiver thereof, or limit or impair the right of the Collateral Agent or any Secured Party to take any action or to exercise any power of sale, Lien, option, or any other right hereunder, without notice or demand, or prejudice the rights of the Collateral Agent or any Secured Party hereunder or the rights of the Collateral Agent or any Secured Party under the Credit Agreement.

7.03 Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Company herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent and, in the case of amendments, by the Company, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

7.04 Notices. All notices, requests and other communications provided for hereunder shall be in writing (including telegraphic, telex, telecopier or cable communication) and mailed by overnight delivery, telegraphed, telecopied, telexed, cabled or delivered if to the Collateral Agent, addressed to it at 1455 Market Street, 13th Floor, San Francisco, California 94103, Attention: Agency Management Services, Telex: 372-6050, Answerback: BAGASFO, Telecopier: (415) 622-4894, with copies to Bank of America National Trust and Savings Association, 335 Madison Avenue, New York, New York 10017; Attention: Special Assets Group, Telecopier: (212) 503-7080; and if to the Company at its address as set forth on the signature page hereof or, as to each party at such other address as shall be designated by such party in a written notice to the other party. All such notices and other communications shall, when mailed by overnight delivery, telegraphed, telecopied, telexed, or cabled be effective when delivered for overnight delivery or to the telegraph company, transmitted by telecopier, confirmed by telex answerback or delivered to the cable company respectively, except that notices to the Agent shall not be effective until received by the Agent.

7.05 Continuing Security Interest; Transfer of Notes. So long as the Indebtedness owed by the Company to ABC Funding, Inc. in respect of the acquisition by the Company of (i) the assets of the Akron Barberton Belt Railway Company and (ii) a rail line previously owned by Consolidated Rail Corporation and located in Medina, Portage and Summit Counties, Ohio, known as the Akron Cluster is outstanding, this Agreement shall create a continuing second priority security interest in the Collateral for the benefit of the Agent and the Banks and shall (a) remain in full force and effect until payment in full in cash of the Secured Obligations; (b) continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise

be restored or returned by the Collateral Agent or any Secured Party, all as though such payment or performance had not been made; (c) be binding upon the Company, its successors, transferees and assigns; and (d) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent, the Secured Parties and their respective successors, transferees and assigns. Thereafter, it shall be a first priority perfected security interest. Without limiting the generality of the foregoing clause (d), any Bank may assign or otherwise transfer its rights and obligations under the Credit Agreement to any other Person or entity, and such other Person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Bank herein or otherwise. Upon the payment in full in cash of the Secured Obligations, the Company shall be entitled to the return, upon its request and at its expense, of such of the Collateral as shall not have been sold and of any Proceeds not applied pursuant to the terms hereof.

7.06 Severability. If for any reason any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or effect those portions of this Agreement which are valid.

7.07 Waiver of Jury Trial. THE COMPANY (AND THE AGENT AND THE BANKS BY THEIR ACCEPTANCE HEREOF) HEREBY AGREE TO WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A JURY TRIAL IN CONNECTION WITH ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATED IN ANY WAY TO THIS AGREEMENT.

7.08 Governing Law; Jurisdiction.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and by execution and delivery of this Agreement, the Company hereby consents, for itself and in respect of its property, to the jurisdiction of the aforesaid courts. The Company hereby irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Agreement or any document related hereto.

7.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an

original for all purposes; but such counterparts shall be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed and delivered by its officers thereunto duly authorized as of the date first above written.

AKRON BARBERTON CLUSTER RAILWAY COMPANY

By: Michael A. Mountford

Title: Secretary/Treasurer

Address: 100 East First Street
Brewster, Ohio 44613
Attention: Larry Parsons

Agreed to:

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Collateral Agent**

By: _____

Title: _____

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Agent**

By: _____

Title: _____

2040539.7

STATE OF OHIO)
) ss
COUNTY OF STARK)

On this 17 day of November, 1994 before me personally appeared Michael R. Mountford to me personally known, who, being by me duly sworn, stated that he is the Secretary/Treasurer of Akron Barberton Cluster Railway Company, and that the foregoing instrument was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledges that the execution of such instrument was the free act and deed of such corporation.

Paula Keller
Notary Public

My commission expires:

Oct. 18, 1995

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

On this _____ day of November, 1994 before me personally appeared David Terrance, to me personally known, who, being by me duly sworn, stated that he is a Vice-President of Bank of America National Trust and Savings Association, and that the foregoing instrument was duly signed on behalf of such corporation, and he acknowledges that the execution of such instrument was the free act and deed of such corporation.

Notary Public

My commission expires:

original for all purposes; but such counterparts shall be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed and delivered by its officers thereunto duly authorized as of the date first above written.

AKRON BARBERTON CLUSTER RAILWAY COMPANY

By: _____

Title: _____

Address: 100 East First Street
Brewster, Ohio 44613
Attention: Larry Parsons

Agreed to:

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Collateral Agent**

By: 

Title: David M. Terrance
Vice President

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Agent**

By: 

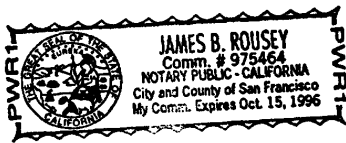
Title: David M. Terrance
Vice President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5907

State of CALIFORNIA
 County of SAN FRANCISCO
 On NOVEMBER 16, 1994 before me, JAMES B. ROUSEY, NOTARY PUBLIC,
DATE NAME, TITLE OF OFFICER (E.G., "JANE DOE, NOTARY PUBLIC")
 personally appeared DAVID M. TERRANCE,
NAME(S) OF SIGNER(S)

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

- ☐ PARTNER(S)
☐ LIMITED
☐ GENERAL

- ☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER:

SIGNER IS REPRESENTING:
 NAME OF PERSON(S) OR ENTITY(IES)

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

SCHEDULE I
TO
SECURITY AGREEMENT

ROLLING STOCK

	<u>Year Built</u>	<u>Former Owner & Road No.</u>	<u>Current Owner & Road No.</u>
EMD			
Locomotives	1966	Conrail #9601	ABB #1501
	1967	Conrail #9602	ABB #1502
	1953	Norfolk Western #3375	ABB #1203

SCHEDULE II
TO
SECURITY AGREEMENT

Jurisdictions Where Collateral is Located

Medina County, Ohio
Portage County, Ohio
Summit County, Ohio
Stark County, Ohio

SCHEDULE III
TO
SECURITY AGREEMENT

Trademarks

None

SCHEDULE IV
TO
SECURITY AGREEMENT

Assets Not Collateral

SCHEDULE V
TO
SECURITY AGREEMENT

Fictitious Names

None